

Report of the Auditor General on Head 12- National Education Commission- Year 2017

The Appropriation Account and the Reconciliation Statement under the Head and the Item Number mentioned in the First Schedule and the Third Schedule of the Appropriation Act No.24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 was furnished to audit by the National Education Commission. The financial and physical performance indicated by those Accounts and Reconciliation Statements is audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer on Financial Management and

Accountability

Earning state money and collecting money receivable to the Government and also, the general supervision on monitoring all financial activities of the Government is entrusted to the Minister of Finance in terms of the Financial Regulation 124 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers are appointed in terms of the Financial Regulation 124(2) to fulfill that responsibility by the Minister of Finance. The Head of the Department to the Accounting Officer on all monetary transactions of his Department and the Income Accounting Officer is appointed by the Treasury. The responsibility also includes planning, implementation and the maintenance of the internal control relevant to the maintenance, preparation and fair presentation of the Accounts and Reconciliation Statements furnished by fulfilling its functions within the scope determined by the Parliament in compliance with Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and with Administrative Regulations.

1.3 Scope of Audit

The audit of Head 12 National Education Commission for the year ended 31 December 2017 carried out on planning relating to the financial and physical performance, management of state expenditure, state revenue, human and physical resources, deployment of internal control provisions, compliance with laws, rules and regulations and maintaining and updating books, registers, records and reconciliation statements, preparing and furnishing Accounts timely, issuing Performance Reports to the relevant parties based on the Performance Index in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Chairman of the Commission on 29 August 2018. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts, Reconciliation Statements and Performance Reports presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

Audit observations revealed in the audit carried out in the National Education Commission for the year ended 31 December 2017 are mentioned in details in the Management Audit Report mentioned in the Paragraph 1.3 above. The material and significant audit observations out of those observations are mentioned from paragraph 2.1 to paragraph 2.11 of this Report. It was observed that he has fulfilled his accountability as the Chief Accounting Officer under the audit observations summarized and stated in the Note given below revealed in fulfilling the provisions stated in the Financial Regulation 127 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, confirming the sufficiency of financial administration.

Accountability of the Accounting Officer in terms of the Financial Regulation 127	Non- compliance to those provisions by the Chief Accounting Officer	Reference to the paragraph of the Report which included the Observation
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Financial Regulation		

127(1)(b)	That a system which provides adequate control over Expenditure and the Collection of Revenue.	2.9
	1. Not conducting Audit and Management Committee Meetings.	
	2. Deficiencies in human resources management.	2.10
127(2)	Making a smooth examination in the Ministry on being economical and being efficient on the proposals for the Objects prevailed at that time in the Departments under his control and also, for newly or overly spending money.	2.2.1
	Not executing functions. .	

- 127(3) Making available a Method of all problems of which at least a suspicion is occurred for acting properly in an appropriate manner with his administrative wisdom and with critical thinking. Not establishing an Internal Audit Unit. 2.8
- 127(4) That the Appropriation Account is properly furnished by each one of his Accounting Officers and that they are being examined by him before being initialized and also, the considerable differences remaining between the provisioned money and the actual expenditure in the Estimates is rigorously inquired. Not preparing the Annual Performance Report. 2.3
- 127(5) That the considerable differences remaining between the provisioned money and the expenditure in the Estimates of the Commission are being rigorously examined by the Chief Accounting Officer. Making available over-provisions. 2.7(b)
- 127(7) That the procedure prescribed in the Financial Regulations 103 to 108 in Financial Regulations in instances where losses had been incurred to the Government on the delay of the Officers/ Employees, carelessness, error or fraud, that imposing surcharges on Officers/ Employees responsible relating to those losses as per the Financial Regulation 156(1), if provisions are made to be held responsible relating thereto, the Losses and Damages 2.6

Chief Accounting Officer is deemed to be exempted from the responsibilities he is entrusted with. It is the duty of the Chief Accounting Officer of explaining the Accounts in the Departments that he is held responsible by participating for the Meetings of the Committee on Public Accounts and by justifying the Accounts with the support of the Accounting Officer.

2. Material and Significant Audit Observations

2.1 Conducting Meetings of the Commission and conducting Standing Committee Meetings

Even though 24 Meeting Sessions should be held with each 12 meeting Sessions in the Commission Meetings and in the Standing Committee Meetings in the year under review as per the Action Plan, only 6 Meeting Sessions of the Commission and only 4 Meeting Sessions of the Standing Committee had been held.

2.2 Performance

2.2.1 Not executing Functions

The Action Plan for the year 2017 had been prepared in terms of the Public Finance Circular No.01/2014 of 17 February 2014. As such, the following observations are made relating to the key functions intended to be executed in the year under review.

- (a) Even though a provision amounting to Rs.250,000 had been provisioned under the General Education Policy for reviewing the Education System of each province, its financial and physical progress had been 20 per cent and 50 per cent respectively.
- (b) Even though provisions amounting to Rs.100,000 had been provisioned for the Quality of Sinhala Lettering and Language Effects under the study used for the compilation OF Policies, that function had not been executed.

- (c) Even though provisions amounting to Rs.200,000 had been made available for the Compilation of Policies as per the Action Plan and for the establishment of 9 Committees for the establishment of a Feedback and Operating Mechanism, that function had not been executed as planned.
- (d) Provisions amounting to Rs.800,000 had been estimated for the Programme of raising Awareness on the General Education Policy Proposals. Ten Awareness Programmes planned for implementation relating thereto had not been conducted.
- (e) A sum of Rs.250,000 had been estimated for reviewing the Education System of each province. Three plans relating to provinces had not been obtained and 8 Committees, 8 Awareness Programmes and 1 Review Meetings had not been conducted. As such, a sum of Rs.198,500 had been saved.

2.3. Annual Performance Report

Even though the Performance Report relating to the year under review should be tabled in Parliament within 150 days after the close of the Financial Year by the Commission in terms of the Public Finance Circular No.402 of 12 September 2002, those Reports from the year 2014 to the year under review had not been tabled in Parliament even by 15 July 2018 by the Commission.

2.4 Assets Management

Conduct of Annual Boards of Survey

Even though the Annual Board of Survey should be carried out in terms of the Public Finance Circular No.05/2-16 of 31 March 2016 and those Reports in terms of the Paragraph 3.2.6 of the Circular, those Reports should be furnished to the Auditor General before 15 June 2018 those had not been furnished to the Auditor General even by 10 August 2018 by the Commission.

2.5 Non- maintenance of Registers and Books

The Register of Fixed Assets had not been properly maintained by the Commission in terms of the Treasury Circular No.842 of 19 December 1978 by the Commission.

2.6 Losses and Damages

A sum of Rs.787,256 had been spent for the repairs after a Van being subjected to an accident and a sum of Rs.586,582 had been received by the Insurance. Action had been taken, the remaining sum of Rs.200,674 considering as Vehicle Maintenance Expenses of the Commission.

2.7 Utilization of Provision made available by the Parliament for the execution of Functions

Details on the Capital Provision made available to the Commission, utilization and savings within 05 years from the year ended 31 December 2017 and the audit observations in this connection appear below.

Year	Type of Expenditure	Net Provision ----- Rs.Millions	Utilization ----- Rs.Millions	Saving ----- Rs.Millions	Saving as a percentage of the Net Provision -----
2013	Recurrent	27.00	25.24	1.76	6.52
	Capital	4.05	2.62	1.43	35.31
	Total	31.05	27.86	3.19	10.27
2014	Recurrent	31.58	28.88	2.70	8.55
	Capital	5.45	3.97	1.48	27.16
	Total	37.03	32.85	4.18	11.28
2015	Recurrent	37.86	30.76	7.10	18.75
	Capital	6.20	1.63	4.57	73.71
	Total	44.06	32.39	11.67	26.49
2016	Recurrent	36.50	31.46	5.04	13.81
	Capital	4.65	2.18	2.47	53.12
	Total	41.15	33.64	7.51	18.25
2017	Recurrent	35.50	30.80	4.70	13.24
	Capital	4.15	2.43	1.72	41.45
	Total	39.65	33.23	6.42	16.19

The following observations are made relating to the year under review.

Making Over- provisions

Over- provisions totalling Rs.1,380,683 had been made available for 7 Objects and the savings of the Net Provision made available was ranging from 30 per cent to 80 per cent on utilizing only a total sum of Rs.1,821,317 of the provisions relating to those Objects.

2.8 Internal Audit

An Internal Audit Unit had not been established even from the Initiation Stage of the Commission.

2.9 Audit and Management Committee

Even though Audit and Management Committee Meetings should be held at least one per quarter in terms of the provisions of the Circular No.DMA/2009(1) of 9 June 2009, only one Committee Meeting had been held in the year under review.

2.10 Human Resources Management

----- Attached Cadre, Actual Cadre and the Expenditure for Personnel Salaries -----

Details on the approved cadre, actual cadre and the vacant cadre as at 31 December 2017 appear below. A sum of Rs.19.8 million had been spent for the Personnel Salaries Expenditure Code by the Commission for the year under review. As such, the Annual Per Capita Expenditure had been a sum of Rs.682,681.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	12	07	05
(ii) Tertiary Level	11	03	08
(iii) Secondary Level	10	07	03
(iv) Primary Level	12	12	-
Total	45	29	16
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The following observations are made.

- (a) Even though the post of the Additional Secretary, a post in the Senior Level, had been approved, recruitments could not be made on the relevant Scheme of Recruitment not being approved up to date.
- (b) Even though Schemes of Recruitment had been approved for the post of the Accountant, a post in the Senior Level for the Development Officer, a post in the Tertiary Level, recruitments had not been completed.

(c) Training of the Staff

It is necessary to train the Staff regularly and the following observations are made on training its staff by the Commission.

- (i) Provisions provisioned for the training of the staff on human resources development activities had been a sum of Rs.1,000,000 and its actual expenditure had been a sum of Rs.736,159. The number of employees who could not obtain a training of at least 08 hours per year had been 13.
- (ii) The savings that had been 25 per cent of the provision in the year 2014 as compared with the amount utilized from the provision made available for the training activities in 05 preceding years had been increased to 72 per cent in the year 2016 and it had been decreased to 26 per cent in the year under review.

2.11 Sustainable Development

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- (a) Every Public Institution should act according to the Sustainable Development Goals, Agenda 2030 of the United Nations and the awareness of the National Education Commission had not been raised on the manner that it should act relating to the functions under its scope relating to the year under review.
 - (b) Action had not been taken to identify the Millennium Development Objectives, Targets relating to its functions and the landmarks that those targets should be achieved and also the Indexes of which the achievements of those targets could be evaluated due to not being aware of the Agenda 2030, Sustainable Development Goals of the United Nations by the Commission.